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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
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11 _____)
12 SECURITIES AND EXCHANGE COMMISSION,)

13 Plaintiff,)

14 vs.)

15 VIPER CAPITAL MANAGEMENT, LLC,)
COMPASS CAPITAL MANAGEMENT, LLC,)
16 and EDWARD SEWON EHEE,)

17 Defendants,)

18 and)

19 COMPASS WEST FUND, LP, VIPER)
FOUNDERS FUND, LP, VIPER INVESTMENTS,)
20 ALBERT EHEE, ROBERT EHEE and)
JENNIFER EHEE,)
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22 Relief Defendants.)

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Civil Action No.
C-06-6966-SI

(Related to Case Nos. C-07-
2507-SI, C-07-2508-SI and
C-07-2509-SI)

**PLAINTIFF SECURITIES
AND EXCHANGE
COMMISSION'S STATUS
REPORT ON
SETTLEMENT
DISCUSSIONS**

Date: July 13, 2007
Time: 2:30 p.m.
Judge: Susan Illston
Courtroom: 10

STATUS REPORT ON SETTLEMENT DISCUSSIONS

In accordance with the Court's instructions, plaintiff Securities and Exchange Commission ("Commission") hereby provides the Court with a status report on settlement discussions in the *Securities and Exchange Commission v. Viper Capital Management, LLC, et al.*, Case No. C-06-6966-SI, proceeding (the "*SEC Enforcement Action*"):

Defendant Edward S. Ehee. The Commission's staff has provided written drafts of a Consent to Entry of Judgment and of a Final Judgment to Edward Ehee's counsel. Those papers are acceptable to Edward Ehee, contingent upon the Commission acceptance of the settlement proposals of Edward Ehee and his family members, Jennifer Ehee and Albert Ehee.

Defendant Viper Capital Management, LLC. The Commission's staff and counsel for Viper Capital Management, LLC have reached an agreement in principle on the terms of a settlement that will be submitted to the Commission for its approval.

Defendant Compass Capital Management, LLC. The Commission's staff and counsel for Compass Capital Management, LLC have discussed the general principles for a settlement that can be recommended to the Commission for approval. Before an agreement in principle can be proposed, the current status of the company and its management must be clarified.

Relief Defendant Robert Ehee. As indicated to the Court during the last status conference, the Commission's staff and Robert Ehee's counsel have reached an agreement in principle upon a mechanism that will lead to the Commission's stipulated dismissal of its claims against him with prejudice.

Relief Defendant Jennifer Ehee. The Commission's staff and Jennifer Ehee (through the intermediary of Edward Ehee's counsel) have reached an agreement in principle upon a mechanism that will lead to the Commission's stipulated dismissal of its claims against her with prejudice.

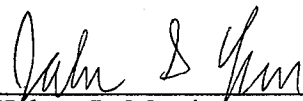
Relief Defendant Albert Ehee. The Commission's staff and Albert Ehee (through the intermediary of Edward Ehee's counsel) have reached an agreement in principle upon either (1) a mechanism that will lead to the Commission's stipulated dismissal of its claims against him with

1 prejudice or (2) a settlement proposal that can be submitted to the Commission for its approval.

2 *Relief Defendants Compass West Fund, LP, Viper Founders Fund, LP and Viper*
3 *Investments.* The Commission's staff believes that if a settlement is completed with Edward Ehee
4 through the sale of his residence, the cases against Compass West Fund, LP, Viper Founders Fund,
5 LP and Viper Investments can be readily resolved upon a distribution of their remaining brokerage
6 and bank account assets.

7 The Commission also wishes to advise the Court that a telephone conference call has
8 been arranged between the parties and Magistrate Judge Zimmerman for July 6, 2007 at 9:00 a.m.

9 DATED: June 29, 2007

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13 John S. Yun
14 Xavier Carlos Vasquez
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